



Burley Tobacco Notes for Committeemen
and Educational Leaders

Summary

After marketing three crops of Burley tobacco in excess of consumption it now appears the 1940 crop will be below the consumption level. However, supplies of Burley tobacco will still be excessive since the reduced production in 1940 does not entirely offset the increased carryover from the large 1939 crop.

Domestic consumption of Burley tobacco has not changed greatly during recent years. The quantity used in cigarettes has increased, but that used for chewing tobacco continues to decline. Exports, although not representing a large part of the crop, have been hard hit by war.

With no marketing regulation, another large crop may be expected in 1941. Marketing quotas can be used to prevent further increase in supplies and thus protect growers' income. One year without quotas may result in a situation that would require several years to correct.

Failure to have regulation of marketings in 1937 and 1939 encouraged the expansion of production in new areas. As a result, the number of Burley growers increased 50 percent in the last five years.

Prices to Burley growers can be maintained at a higher level if quotas are in effect for a three-year period than for one year. A reduction in farm allotments will be needed if one-year quotas are adopted; but this reduction can safely be postponed and possibly avoided, if quotas are adopted for three years.

Each grower should carefully consider the issue involved and vote his conviction in the referendum. The decision of the Burley growers will be final. Flue-cured growers recently voted 6 to 1 in favor of three-year quotas.

SUPPLIES AND CONSUMPTION

1939 CROP AND SUPPLY - The 1939 crop of Burley amounted to 395 million pounds, about 15 percent above current consumption. The 1939 supply reached 1,079 million pounds, fully 10 percent above the previous five-year average.

1940 STOCKS AND PRODUCTION - Stocks of Burley tobacco as of October 1, 1940, are estimated to be 750 million pounds, as compared with stocks of 684 million pounds a year ago. The 1940 crop appears to be nearly 25 percent smaller than the 1939 crop and slightly below the annual consumption level. However, the total supply is almost as large as a year ago.

DOMESTIC CONSUMPTION - Burley tobacco is consumed largely in the United States. The longtime trend of domestic consumption has been upward, but during the last four years there has been little significant change. Cigarettes account for about 60 percent of consumption; the remainder is used

in smoking and chewing tobaccos. During the past four years there has been a substantial increase in cigarette consumption, but the brands in which most of the Burley is used apparently have not increased as much as other brands. There has been a decline in the consumption of chewing tobacco.

FLUE-CURED NOT COMPETITIVE - The income of Burley growers is not likely to be affected by developments in the flue-cured area. There is but little if any competition between flue-cured and Burley tobacco. They are used to a large extent in the same products, but each has its own distinctive place in these products.

WAR CURTAILS EXPORTS - Only about 4 percent of the annual production is normally exported, chiefly to Europe. As a result of war nearly 10 million pounds of this market has been cut off.

CONSUMPTION DETERMINES AMOUNT MARKETED - Surplus production causes lower prices to farmers since the amount of tobacco which can be marketed over a period of years is determined by the amount consumed. Quotas regulate marketings to demand. Without quotas excessive production and low prices eventually force growers to adjust supplies.

SITUATION WITHOUT QUOTAS

EXCESS PRODUCTION WITHOUT REGULATION - Without quotas a 1941 crop of at least 400 million pounds is likely. Such a prospect would lower prices for the 1940 crop. Should such a large crop be grown, the surplus would also depress prices for future crops.

"IN-AND-OUT" REGULATION ENCOURAGES EXPANSION - Without quotas there is no restriction on the number of new growers or the acreage of old growers. Many new growers produced Burley in 1937 and 1939 when there was no market regulation. The number of Burley growers increased 50 percent in the last five years (from 205,000 to 310,000), and most of the increase was in 1937 and 1939. Knowledge of these facts led Burley growers to ask for the opportunity to use marketing quotas on a three-year basis.

SITUATION WITH QUOTAS

QUOTAS PROTECT FARMERS' INCOME - When marketings are adjusted to demand growers get better prices. With quotas, cooperating growers market a larger proportion of the crop, and non-cooperators cannot profit at the expense of cooperators as in 1937 and 1939.

RECENT AMENDMENTS AUTHORIZE THREE-YEAR QUOTAS - Marketing quotas for the three-year period, 1941-42-43, are authorized by an amendment to the tobacco provisions of the Agricultural Adjustment Act of 1938.

ADVANTAGES OF THREE-YEAR QUOTAS

FARM ALLOTMENTS IN 1941 - With quotas in effect for three years farm allotments for 1941 would be the same as the 1940 allotments. With the quotas in effect for one year only, a 10 percent reduction in allotments in excess of one acre would be needed. If the 1940 crop turns out to be materially smaller than present indications, the 1941 allotments could be increased proportionately.

FARM ALLOTMENTS STABILIZED - The amendments provide that if three-year quotas are adopted, no 1940 allotment of more than one acre may be reduced by more than 10 percent during the entire three-year period. No 1940 farm allotment of one acre or less may be reduced at all during the three-year period. If the 1939 farm allotment was one-half acre or less and the 1940 allotment was smaller, the allotment would be increased to the 1939 figure. These provisions, however, do not apply in case of a violation of the quota law. With these guarantees farmers can make plans without fear of drastic changes from year to year.

SOME ADJUSTMENTS CAN BE MADE - An amount not to exceed 2 percent of the 1940 allotment for each State can be used in each year for adjustment of individual farm allotments which are low as compared with allotments for similar neighboring farms. This would be in addition to the national and state allotments.

NEW FARM ALLOTMENTS LIMITED - New farm allotments will be limited to farms operated by old tobacco growers and only a very small acreage will be available for this purpose.

CARRY-OVER TOBACCO - Under three-year quotas there would be no incentive for non-cooperators to store excess tobacco for sale in later years, since the amount carried over could not be sold without penalty except insofar as the plantings of the next year's crop are adjusted below the allotment.

ENFORCEMENT UNDER QUOTAS

COOPERATORS - Farmers who stay within their acreage allotments can sell their entire production without penalty. Since cooperating farmers can sell all of their tobacco, there will be no transfer of marketing quotas or sale of marketing cards. This means a much simpler program for co-operating growers, while at the same time the enforcement provisions are strengthened with respect to non-cooperating growers.

MARKETING YEAR BEGINS WITH FIRST SALE - The 1940 crop is subject to the marketing quota provisions regardless of whether or not it is sold prior to October 1, 1940, the beginning of the marketing year.

PENALTIES PROVIDED - The penalty is fixed at 10 cents a pound on all marketings in excess of the farm quota. Penalties are collected beginning with the first sale of tobacco.

If anyone sells, or permits to be sold, on his marketing card, tobacco grown on another farm, the allotment for both farms will be reduced in the next year by the amount of tobacco so marketed. Also, the farmer marketing the tobacco becomes liable for the penalty.

If anyone falsely identifies or fails to account for disposition of his tobacco, he becomes liable for a penalty of 10 cents per pound of the normal production of the entire acreage harvested in excess of the farm acreage allotment in addition to any other penalty. Also, the allotment will be reduced in the next year by the amount of such tobacco.

Penalties are provided in case any warehouseman, dealer, or buyer aids in marketing excess tobacco without payment of penalty, or fails to keep accurate records and make proper reports.

REFERENDUM

REFERENDUM BEFORE MARKETS OPEN - The referendum on Burley marketing quotas will be held on Saturday, November 23, 1940. The growers will vote on three questions:

- (1) Are you in favor of quotas for three years?
- (2) Are you opposed to quotas for three years, but favor the quota for one year?
- (3) Are you opposed to quotas?

APPROVAL OF TWO-THIRDS REQUIRED - Three-year quotas will be adopted provided two-thirds of the voters approve them. One-year quotas will be adopted if the combined vote for three-year and one-year quotas amounts to a two-thirds majority. If more than one-third of the voters oppose quotas, they will not be operative. Decision of the growers will be final.

ELIGIBILITY TO VOTE - Any person who shares in the proceeds of the 1940 Burley crop as owner, tenant, or sharecropper will be eligible to vote in the Burley tobacco marketing quota referendum.

If several members of the same family participated in the production of Burley tobacco on a farm in 1940, the only member or members of such family who shall be eligible to vote shall be the member or members of the family who had an independent bona fide status as operator, share tenant, or sharecropper and was entitled as such to share in the proceeds of the 1940 crop.

No farmer (whether an individual, partnership, corporation, association, or other legal entity) shall be entitled to more than one vote in the referendum, even though such farmer may have been engaged in the production of Burley tobacco in two or more communities, counties, or States in 1940.

EVERY GROWER URGED TO VOTE - Every Burley tobacco grower should be urged to consider carefully the issues involved and vote his conviction. The decision of growers in the referendum will be final.

Tobacco, Burley: Acreage, Yield, Price per Pound, Farm Value
Production, Stocks, Supply, and Disappearance, 1912 - 40

Year	: Acreage : : Har- : : vested	: Yield : : per : : Acre	: Price : : per : : Pound	: Farm : : Value :	: Produc- : : tion :	: Stocks : : Oct. 1 :	: Supply : : Oct. 1 :	: Disap- : : pear- : : ance
	1,000 Acres	Pounds	Cents	Million Dollars	Million Pounds	Million Pounds	Million Pounds	Million Pounds
1912	228.0	860	11.0	21.6	196.1	269.5	465.6	186.8
1913	232.6	760	12.3	21.7	176.8	278.8	455.6	200.2
1914	244.2	920	8.1	18.2	224.7	255.4	480.1	167.8
1915	244.2	890	9.5	20.6	217.3	312.3	529.6	281.9
1916	265.0	970	15.5	39.8	257.1	247.7	504.8	254.8
1917	262.0	960	26.5	66.7	251.5	250.0	501.5	270.3
1918	300.0	1,040	32.6	101.7	312.0	231.2	543.2	261.3
1919	361.5	831	33.2	99.9	300.3	281.9	582.2	258.7
1920	364.5	789	13.5	38.8	287.7	323.5	611.2	224.5
1921	232.9	754	21.5	37.9	175.7	386.7	562.4	229.2
1922	322.7	857	26.8	74.2	276.4	333.2	609.6	209.7
1923	390.3	872	20.0	68.0	340.4	399.9	740.3	234.9
1924	348.4	849	20.1	59.5	295.8	505.4	801.2	266.4
1925	344.9	806	18.0	50.0	277.8	534.8	812.6	271.4
1926	347.0	832	13.1	37.7	288.8	541.2	830.0	304.2
1927	241.1	731	25.9	45.6	176.2	525.8	702.0	288.7
1928	329.7	816	30.5	82.1	269.1	413.3	682.4	288.2
1929	416.1	807	21.8	73.4	337.4	394.2	731.6	293.3
1930	472.1	740	15.5	54.0	349.2	438.3	787.5	277.3
1931	502.7	845	8.7	36.9	424.8	510.2	935.0	252.4
1932	410.2	740	12.5	38.1	303.7	682.6	986.3	266.0
1933	501.5	753	10.5	39.7	377.5	720.3	1,097.8	277.5
1934	303.5	831	16.9	39.6	234.2	820.3	1,054.5	284.7
1935	278.9	792	19.1	42.2	220.9	769.9	990.8	309.1
1936	302.3	727	35.7	78.5	219.6	681.7	901.3	329.5
1937	443.9	907	20.1	80.8	402.4	571.8	974.2	313.5
1938	407.9	833	19.0	64.5	339.4	660.7	1,001.1	316.1
1939	432.2	913	17.3	68.5	394.8	684.0	1,078.8	328.8 ^{1/}
1940 ^{1/}	380.8	(819)	--	--	(311.8)	750.0	1,061.8	--

^{1/} Preliminary (as of October 1, 1940).

Tobacco, Burley: Preliminary Estimates of Amounts Used in
Cigarettes, Smoking Tobacco, and Chewing Tobacco

Marketing:	:	:	:
Year	: Cigar-	: Smoking	: Chewing
Beginning:	ettes	: Tobacco	: Tobacco
Oct. 1	:	:	:
	Million	Million	Million
	Pounds	Pounds	Pounds
1930	127.7	85.0	52.2
1931	115.2	92.3	45.4
1932	122.9	91.6	42.5
1933	131.7	88.8	41.7
1934	142.8	90.1	40.9
1935	159.9	90.4	41.4
1936	173.7	89.6	41.6
1937	176.7	93.7	38.5
1938	181.7	98.7	37.3
1939	194.4	98.5	35.9

Tobacco, Burley: Estimated Farm Sales Weight of Exports
to Principal Countries, 1930 - 39

Marketing	:	:	:	:	:	:	:	:	:
Year	: Portu-	: gal	: Belgium	: Denmark	: Nether-	: lands	: Norway	: Sweden	: Germany
Beginning	:	:	:	:	:	:	:	:	: Other
Oct. 1	:	:	:	:	:	:	:	:	: Total
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1930	1,227	3,456	312	376	31	--	485	3,947	9,834
1931	1,758	4,925	503	1,278	85	69	812	3,106	12,536
1932	1,664	4,412	780	1,264	108	249	457	2,820	11,754
1933	2,834	5,689	738	2,187	151	314	543	3,371	15,827
1934	3,018	4,034	844	1,322	296	122	624	3,393	13,653
1935	2,396	2,603	583	665	246	613	453	2,575	10,134
1936	2,294	3,323	909	767	465	743	514	3,682	12,697
1937	3,195	2,371	999	1,210	529	653	479	3,150	12,586
1938	2,619	1,594	1,549	1,606	750	704	649	3,266	12,737
10 Mo. - 1938	2,037	1,481	1,371	1,095	498	686	422	2,971	10,561
10 Mo. - 1939	3,664	775	185	943	298	723	--	3,966	10,554

Tobacco, Burley: Estimated Number of Growers in 1935 and 1940
for the Important Producing States 1/

State	Number of Growers		
	1935	1940	:Increase : Since : 1935
Ohio	8,500	10,700	2,200
Indiana	6,000	10,400	4,400
Missouri	1,700	2,100	400
Kansas	100	150	50
Virginia	10,000	16,300	6,300
West Virginia	2,900	4,600	1,700
North Carolina	7,300	13,750	6,450
Kentucky	117,000	160,000	43,000
Tennessee	51,500	92,000	40,500
Total for 9 States	205,000	310,000	105,000

1/ Approximately 600 additional growers are producing Burley in the States of Illinois, South Carolina, Georgia, Alabama, Arkansas, and Oklahoma.



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